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**HD** **Investors rebuff climate proposals at Canadian energy giants**  
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Investors at three major Canadian energy companies – Imperial Oil Ltd., Enbridge Inc. and Suncor Energy Inc. – have rejected shareholder proposals on climate issues this spring, but the activists who pushed them are heartened by the support they did receive.

Results of the shareholder votes show momentum growing in the push for improved climate-related disclosure and better explanations of how energy companies are positioning themselves for the transition to a lower-carbon economy. With some of the resolutions, shareholders voted nearly 20 per cent against management. In one case – a proposal at Enbridge to disclose downstream Scope 3 emissions – nearly a quarter voted for the proposal.

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"I systematically tell any of the clients that we have that any time you get a shareholder proposal above 20 per cent, consider that as a pretty strong shot across the bow that it needs to be addressed either in a supplemental filing, in engagements, in some kind of additional disclosure," said Michael Voegelé, managing director at proxy advisory firm Alliance Advisors. "Because it's coming and it's better to start addressing it internally in the way a company wants to rather than it being prescribed by a shareholder resolution."

At Imperial Oil, where majority owner ExxonMobil holds 70 per cent of the shares, a proposal that requested the company adopt an absolute greenhouse-gas reduction target and another that asked the company to estimate the cost for it to ultimately shut down all of its fossil-fuel assets both failed handily. When the ExxonMobil votes are removed, however, the proposals respectively received support from 16.0 per cent and 18.9 per cent of shareholders.

At Enbridge, a proposal requesting a report examining whether the company's lobbying and political donations in the U.S.

are consistent with its net zero goal received 18.5-per-cent support. The proposal requesting Enbridge annually disclose all of its Scope 3 emissions – those that stem from the burning of the fossil fuels its pipelines transport – received 24.4 per cent of the vote.

And at Suncor, a proposal requesting the company produce a report outlining how its capital expenditure plans align with its environmental goals received 17.7 per cent of the shareholder vote.

The numbers sound terrible in comparison to hotly contested political elections. But shareholder votes at annual meetings are different: A board of directors is typically re-elected with more than 95 per cent of the vote, and other management proposals receive similar support. Shareholder proposals – on which management usually recommends “no” – can struggle to get double-digit support.

The Imperial Oil and Suncor proposals were among nearly two dozen major ballot issues flagged by institutional investor group Climate Action 100+ as aligned with its goals. All three companies recommended their shareholders vote against the proposals. Imperial Oil and Suncor did not respond to requests for comment for this story.

Pete Sheffield, Enbridge's chief sustainability officer, said the company had previously engaged with Investors for Paris Compliance, the advocacy group that represented DI Foundation, the Victoria-based shareholder that filed the two proposals, and plans enhanced lobbying disclosures in its upcoming sustainability report.

Enbridge opposed the proposal on Scope 3 disclosure because it believes it's already a leader among pipeline companies – which do not own the hydrocarbons they ship – by reporting in five of the 15 categories of Scope 3 emissions.

“What was troubling is the notion that Enbridge should be providing or annually updating Scope 3 emissions associated with all Scope 3 categories,” Mr. Sheffield said.

“The notion that we should be obliged to report across all 15 categories when there aren't specific standards or methodologies that have been established for midstream companies made it exceptionally difficult for us to get comfortable at this point in time in accepting or recommending a vote in favour of the proposal.”

British Columbia Investment Management Corp., one of Canada's largest pension fund managers, placed the cost-estimate proposal on the Imperial Oil ballot. It asked for an audited report estimating the cost for the company to ultimately shut down all of its fossil-fuel assets under a net-zero-by-2050 scenario created by the International Energy Agency.

Imperial Oil argued against the proposal, in part by saying that viewing the IEA's “aggressive decarbonization scenario as the only realistic future state would be unreasonable and would not acknowledge the range of potential outcomes of the energy transition.”

Anne-Marie Gagnon, BCI's senior principal for environmental, social and governance issues, said the 18.9 per cent its proposal received was “a significant level of support.”

“Many shareholders share the expectation that resolutions receiving 20 per cent or more of votes should lead to an initial level of responsiveness in practice and disclosure, and engagement between the company boards and investors,” she said.

Climate-related resolutions are at the stage at which votes on executive compensation – say on pay – were several years ago, and are now commonplace, Mr. Voegelé said.

Climate-conscious shareholders, meanwhile, are getting more savvy, with some help. Early this year, the Shareholder Association for Research and Education, or SHARE, published a guide that sets out what kind of disclosure investors should expect when it comes to the climate commitments of publicly traded businesses. It describes how companies should develop climate action that spells out details on governance, policies for transitioning away from high-carbon operations and disclosures about government lobbying efforts.

Many corporations have announced plans to get to net-zero emissions but SHARE says investors should look for targets that are scientifically aligned with limiting global temperatures to 1.5 degrees above pre-industrial levels, as well as interim goals and explanations of how they will be achieved through changes to capital spending.

The latter is what some Suncor shareholders, which were also represented by Investors for Paris Compliance, were calling for.

“We're getting more specific with the climate resolutions now.”

It's no longer, 'Please make a climate target' or, 'Please have a transition plan.' It's the implementation side of things," said Duncan Kenyon, director, corporate engagement, at Investors for Paris Compliance. With regard to the capital spending alignment: "That's a very specific one that many investors around the world are starting to ask," he said.

**CO** imoa : Imperial Oil Limited | ipipf : Enbridge Inc | sucor : Suncor Energy Inc | exxn : Exxon Mobil Corporation

**IN** i1 : Energy | i1300006 : Pipeline Transportation | ifosfl : Fossil Fuels | iioil : Integrated Oil/Gas | imidstr : Oil and Gas Midstream Operations | ioilgas : Oil and Gas

**NS** cemis : Emissions | ccat : Corporate/Industrial News | cenvire : Corporate Environmental Responsibility | cesg : Environmental/Social/Governance

**RE** cana : Canada | namz : North America

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